

UTILITY SERVICES TAX - FAQ

What is the utility services tax?

The Ohio Revised Code (ORC) chapter 324 (<http://codes.ohio.gov/orc/324>) allows any county to enact a tax on all utility services in their county in order to generate additional revenue. The utility services tax is a usage tax on all charges from utility providers to their customers who are located within a County that has legislated this tax.

What utilities are taxable?

According to the ORC, the State Tax Commissioner is obligated to develop the rules and administrative procedures for implementation of a utilities services tax. One of these requirements is to determine which specific utilities are taxable. While it is unclear as to all of the utilities that would be subject to the tax, our assumption is that the tax would, at a minimum, apply to gas, electric, and landline telephones.

Are these taxes permanent?

This tax, as currently contemplated, does not have a sunset provision. However, the Board of County Commissioners would have the ability to eliminate the tax or modulate the tax in any given year. Therefore, they would be able to make a policy decision at any time to remove the tax.

Who must pay the tax?

All individuals and business located in Hamilton County that have an account with a utility provider will be required to pay the tax. The utility service suppliers will collect the tax and remit it to the Hamilton County Auditor.

Who is exempt from paying the tax?

The State Tax Commissioner will have to develop guidelines for issuing exemptions to the tax. For more information on the exact state law regarding utility services tax exemptions, please visit <http://codes.ohio.gov/orc/324.03v1>. Hamilton County will update this FAQ with the rules surrounding exemptions and the process for obtaining an exemption once the state provides more clarity.

How much is the tax?

The ORC specifies that there will be two separate rates, one for business and one for all non-businesses or residents. The rate for businesses is required to be 150% of the non-business or residential rate. The maximum rate is set at 2%. Hamilton County has proposed the following tax rates:

- The tax for non-business or residential utility customers is 0.69% of the bill issued by the utility supplier to the non-business or residential customer.
- The tax for business customers is 1.035% of the bill issued by the utility supplier to the business customer. For more information on the definition of a business vs. non-business customer, please consult section E of ORC 5701.08 (<http://codes.ohio.gov/orc/5701.08>). This section defines a business as *"All enterprises, except agriculture, conducted for gain, profit, or income and extends to personal service occupations."*

Is there a maximum/minimum tax?

There is no minimum tax and no maximum tax. The Board of County Commissioners has attempted to size this tax so that the average homeowner will pay a total of approximately \$20

annually. These figures are based on the Public Utilities Commission of Ohio's average household utility bills for Cincinnati residents in 2014 for gas, electric, and telephone. The following is a link to these findings: <http://1.usa.gov/1SpCL2K>

When must the tax be paid?

This tax will be paid on each individual utility bill. Therefore, the billing cycle for this tax would be the same as the billing cycle for your current utility bills.

What happens if there is a late payment?

Any late payments would be subject to the same penalties that would be imposed by your utility service provider for late payment of their bill.

Who is responsible for collecting/remitting the tax?

Each individual utility provider is responsible for collecting/remitting the tax. The utility provider is responsible for charging the utility services tax to each individual account in Hamilton County and for collecting the tax on residential and business customers during the regular billing cycle. Monthly, the service supplier is required to remit all of the taxes collected to the County Auditor.

Are the utilities compensated for collections?

The ORC does not require the County to compensate the utility provider. Therefore, it would be at the discretion of the individual provider to determine and collect any charges from their customers for administration of the tax.

What revenue is the county expecting to generate?

It is currently projected that the utility services tax will generate \$7.011 million annually. It is important to note that this tax has not been tested in the state of Ohio, so actual collections could vary. The Board of Commissioner could then modulate the tax to bring it to the desired level of \$7.011 million annually. If you have more questions on how this estimate was calculated, feel free to directly contact the county budget office by calling 513-946-4312 or emailing jeff.weckbach@hamilton-co.org.

Where can I get more info or express my opinions on this tax?

For more specific information or other questions regarding the utility services tax, please contact the County Budget office by calling 513-946-4312 or emailing jeff.weckbach@hamilton-co.org.

Your County Commissioners also want your input on this tax. You can contact them to let them know your thoughts by calling or emailing them directly with the following contact information:

Board President Chris Monzel
(513) 946-4409
chris.monzel@hamilton-co.org

Board Vice President Dennis Deters
(513) 946-4406
dennis.deters@hamilton-co.org

Commissioner Todd Portune
(513) 946-4401
todd.portune@hamilton-co.org

You may also have your voice heard on this issue at one of two public hearings. The details for the public hearings are below:

First Public Hearing to Consider Adoption of a Utilities Services Tax
Wednesday, February 3, 2016 at 11:30 a.m.
138 E. Court Street, Room 605
Cincinnati, OH 45202

Second Public Hearing to Consider Adoption of a Utilities Services Tax
Wednesday, February 10, 2016 at 11:30 a.m.
138 E. Court Street, Room 605
Cincinnati, OH 45202